

Review of INTERNATIONAL AFFAIRS

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Review of INTERNATIONAL AFFAIRS

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THE SUEZ CONTRADICTIONS

L. ERVEN

ONE of the most interesting features of the Suez controversy is that the core of the problem and prime cause of the present crisis was by-passed and set aside from the very beginning. As known the crisis was called forth by the decision of the Suez canal, which was operated so far by a private concessionary. It would have been logical to expect this decision to become the pivotal point in the dispute between the Egyptian Government and the Suez Company which could have considered, justly or not, its interests violated by such a decision. Namely its concession would have expired normally only in twelve years time, and during that period the company would have accumulated certain financial profits as it represented an important source of income for its stockholders who were deprived of it by the decisions of the Egyptian Government.

However, although the injured party, the Suez Company is not a party to the dispute, nor does it figure prominently for that matter. On the contrary, the legitimacy of the measures taken by Egypt against the Company was never seriously questioned on any side. Moreover, the arguments which might be used in this context are already obsolete and unconvincing at present. The question of indemnity which Egypt perhaps owed the company or the nationalisation of its installations before the lapse of the term stipulated still remains unsolved, but this matter belongs to the domain of private law and cannot under any conditions whatever, cause an international dispute.

The latter was caused by the intervention of Great Britain and France in the first place which transferred the Suez case from the domain of law to that of politics.

Great Britain and France appeared as initiators of an international action in which many countries are taking part but with which they have not succeeded in finding a common language on all scores. It was shown that the Anglo-French conception of the solution of this dispute and particularly as regards the methods to be applied did not meet with the full support of the countries to which the two powers appealed and that of their third mighty ally in the western bloc. Therefore, although actually a broader international action it gives the impression of a specific Anglo-French undertaking which is being granted lukewarm support for reasons of general solidarity while the various other countries strive to implement various modifications and amendments.

Due to its inherent contradiction Anglo-French intervention in the subsequent stage of the Suez crisis acquired an entirely different aspect than was initially the case thus causing the entire dispute to acquire an entirely novel imprint.

The Anglo-French thesis does not deny the right of Egypt to nationalise a private company on its territory, which held the concession of exercising public service, but denies Egypt the right to take over this service by invoking its exceptional international significance. The advocates of this thesis consider regardless of the official Egyptian views on the score, that the organisation of navigation and control of the Suez canal must be entrusted to an international body, or to be more precise contrary to the Egyptian measure of nationalisation this service ought to be internationalised. In other words, they consent to an act but re-

fuse to accept its consequences. However, if Egypt had the right to nationalise the company, this logically entitles it to take over the installations and property of the latter. Furthermore, the right to nationalise one company logically implies the right to prohibit any other similar company, as nationalisation is not tantamount to mere expropriation of property, but also involves the take over of a service from a former concessionary.

On the other hand if Egypt is not entitled to carry out the service granted by the former concession itself, then it would logically ensue that it had no right to grant the respective concession, as nobody can bestow a right one does not have. The fact the Suez Company operated on the basis of a concession received from the Egyptian government, also confirms the right of the latter to take over the service granted by the concession when the latter ceases to be valid.

Nobody can deny this right in view of the origin of the Suez canal which is not a natural seaway, but a man-made canal built on Egyptian territory over which the sovereignty of the territorial state was never interrupted either by negation or seizure. The exceptional international significance of this artificial waterway doubtless imposes specific international obligations to the territorial state with regard to the guarantee of freedom and safety of passage. It may also involve certain limitations of sovereignty to which the territorial state may concede in the general international interest, but this can only be achieved by the free consent of the respective state and not by imposition, as its primordial right to retain control over and regulate traffic on this waterway cannot be denied.

On the other hand, the fact that a private company has so far run the Suez Canal is neither historically nor juridically a cause or effect of the international significance of the Suez Canal. The Constantinople Convention which makes no reference to the problem of concession is a consequence of this significance. The Suez Company was granted the concession to operate the canal against payment of fixed tolls as a compensation for the investments made in the construction of so big and costly a project. To the very end the Suez Company retained the character of a private stock company subject to the Egyptian national legislation and business law. The right of the Suez Company to manage the canal service did not stem from any international mandate but from the consent of the Egyptian Government. According to the Agreement concluded with the Company, after the expiration of the concession all installations were to have reverted to Egypt which was entitled to grant a second concessions to the same Company or another, or take over the service itself. Consequently if Egypt took over these investments and service before the expiry of the concession by means of nationalisation, only the correctness of this measure could be questioned (which was appraised as correct) but not also the right of Egypt to assume the service after the cessation of the concession.

Just as the right of Egypt to assume the technical management of the Canal one day was one of the assumptions of the Suez Company concession, this right was not limited in any way by the Constantinople Convention of 1888.

The Constantinople Convention is an international agreement which lays down the principles of free passage through the Suez Canal. There is not a single provision in the Convention which would condition these principles by any postulate concerning the organs which carry out the technical services, nor does it contain a single clause according to which this service should be discharged by an international body. Moreover one of the two western powers which are involved in the present dispute with Egypt was resolutely opposed at the time of the Constantinople Convention to the introduction of international management over the Suez Canal as contrary to the principle of sovereignty of the territorial state. The Convention even set apart the question of free passage from that of technical operation by a special provision according to which the status of free passage laid down by the convention does not depend on the duration or cessation of the concession. Consequently, as the take over of technical service on the part of Egypt after the expiration of the concession is a postulate of the latter and as the status of free passage is guaranteed independently of the duration or expiration of the concession under the Constantinople Convention one inevitably reaches the conclusion, that the Constantinople Convention foresaw the ultimate assumption of the technical service on the part of Egypt, or at least made allowance for that possibility.

The Convention further includes two provisions which are directly contrary to the thesis of an international body which would manage the Suez Canal (such as the Users Association for instance). According to Art. 12 the contracting parties have agreed that neither of them will seek any territorial or commercial facilities or privileges in international agreements relating to the canal, with the exception of the rights of Turkey (Egypt today) as the territorial state. This provision invokes the principle of equality as regards freedom of passage through the Canal, this being one of the fundamental principles of the Convention which does not entitle any state whatever, with the exception of that territorial, to any greater rights than the others. Therefore the plan to set up an association of Canal users, consisting of a certain number of states, which would have the privilege of regulating navigation for their ships and levying tolls is doubtless contrary to this provision of the Constantinople Convention.

On the other hand, according to Art. 9 only the Egyptian Government is entitled and competent to ensure the respect of Convention provisions. It will undertake the necessary measures for this purpose either on its own initiative, or according to the proposal of the diplomatic representatives of the contracting parties in Egypt, who are invested with an advisory function in this respect. This means that the Constantinople Convention does not foresee any special international organ either for the guarantee of free passage, or for the technical service which enables it. Hence, the demand that the technical operation of the Suez Canal be entrusted to an international body has no juridical support in the Constantinople Convention. Such a management could only be set up following a revision of this convention.

It would ensue from this brief analysis of certain juridical aspects of the Suez dispute that the entire action of certain western powers in connexion with the nationalisation of the Suez Company is devoid of legal justification in the existing international documents which regulate the Suez Canal regime, and that consequently Egypt did not commit any breach of international law by the nationalisation of the Suez Company. On the contrary, certain proposals and demands advanced by the western powers involved do not conform to the existing international regulations.

The actual facts should not be blindly ignored, however. And these facts prove that the measure of the Egyptian Government provoked a complicated international dispute in which a number of states is involved. This leads to the conclusion that other political considerations are also involved in the Suez issue and that certain international or national interests of other coun-

tries provoked so violent an anti-Egyptian reaction whose significance should not be underestimated.

It may reasonably be assumed that in view of the changed international conditions, the entire Suez Canal regime is obsolete and inadequate at present. Two fundamental on which the Suez Canal organisations were based, the Company Concession and the Constantinople Convention, were brought a long time ago (the former a hundred years and the latter seventy years ago) under different conditions and their perspective did not reach to the present. Vast changes have taken place both in the development of the world economy and transport and in international relations since the time of the signature of the Constantinople Convention to date. Important trade and other interests of other countries have become dependent on the conditions under which Suez Canal traffic evolves. The international significance of the Suez Canal increased to no small extent and has become part of the vital interests of many countries. Therefore perhaps the Constantinople Convention no longer corresponds to the present conditions, so that its revision would be necessary. However this is a matter of normal negotiations, not forcible measures and imposed solutions.

A characteristic contradiction is immediately obvious in the choice of methods for the adjustment of the juridical situation to international requirements. Egypt for instance accepted the idea of an eventual revision of the Constantinople Convention at a broad international conference, although as we have seen the present Convention legally it to assume the management of the Suez Canal, while certain western powers insist in invoking the Constantinople Convention although the latter does not provide any basis for the solution of the Suez dispute they propose. One therefore gains the impression, that this issue, is complicated not so much by the complexity of its substance, as by the efforts made to force Egypt, under the present conditions, to retract and revise its decisions. Thus the struggle for prestige also became an integral part of the Suez dispute.

The decision to refer the dispute to the Security Council will doubtless help to clarify the somewhat obscure situation and eliminate the present contradictions. The Security Council may also facilitate direct negotiations and ensure the choice of a correct way for resolving the problem in the future.

The choice of this road was not a happy one so far and succeeded only clouding the issues still further instead of clarifying them. Actually a result of certain implications of other political interests in the Suez dispute while also causing further imbroglion in the mutual relations of the countries which chose it.

The implications of the Suez dispute are many and various. One of its dominant features is that both by its motives and scope and by the objectives set by Great Britain and France, notably exceeds the framework of the Suez problem. It is the implication of other political interests centered round Egypt and the Suez and which the individual parties wished to satisfy and ensure within the framework of the Suez dispute that converted this dispute into an intricate and complex international conflict. It may even be said that the basic issue of free passage through the Canal was relegated to the background when choosing the method for the solution of the Suez controversy. These implications of other political interests constituted and still constitute the main source of difficulties in the solution of the Suez and also underlie all contradictory attitude of the western side, the vacillating and devious tactics which from the shipment of troops to Cyprus and the mobilisation of the Mediterranean fleet, to the London Conference, still led the Suez problem to a correct road, placing it before the Security Council.

It was never concealed on the Anglo-French side, that they contemplate the Suez problem within the context of a broader dispute with Egypt which arose within the complex maze of their interests in the Middle East and North Africa. If the Security Council succeeds in disentangling these two different matters, this will mark a major success in the solution of the Suez problem.

THE SIGNIFICANT MANIFESTATIONS IN BELGRADE—BONN RELATIONS

K. TONČIĆ

AMONG the questions mentioned during the last few years as contributing to the cause for unsatisfactory development of relations between the Federal German Republic and Yugoslavia, the so-called old Yugoslav claims always took the most conspicuous place. The fact that these claims accrued for the most part during the last world war as the result of the German occupation — gave a special note to the imposing sum of Yugoslav claims. The phases through which the settlement of this problem passed are well-known — from the sharpest aggravation and campaigns to pacifying promises and formal signatures of „authorized Government representatives“ — finally reaching the agenda of the Bundestag plenary session. Even then it was confirmed once more that the alteration of the Bonn approach of this problem did not in the least depend on a „lack of documentation“ or „new interpretations of experts“, but that it was a result of the sum of all the components which serve in Bonn for measuring and determining Yugoslav—German relations. This explains the decision of the Bonn Bundestag — not customary otherwise in the practice of that body — to postpone, during the last session, the ratification of the already signed agreement, which had also been backed with official oral promises. The German press did not hesitate to connect the Bundestag decision of that time with certain Yugoslav political actions, especially with President Tito's visit to the Soviet Union. Of course this contributed to the sharpness of Yugoslav reactions to such measures and procedures which, in the opinion of Yugoslavs, passed from the sphere of „observing reality“ to „influencing reality“

The flow of events, and particularly the development of German—Yugoslav relations, have shown that

such approach of problems is unjustifiable and harmful, which a certain number of German newspapers and some representatives of political groups did not hesitate to admit. That is why the news on the fixing of the date of the visit and programme of stay of the Yugoslav parliamentary delegation in the Federal Republic was taken with relief as a good sign and as a wish to put an end to an abnormal situation. Along with this there appeared numerous comments — and demands — in the press to the effects that as a proof of good will, steps should be taken for finally solving the problem of old Yugoslav claims which have been dragging for years. The formal reception and honours accorded to the Yugoslav parliamentary delegation were a manifestation of these feelings were particularly expressed during discussions and voting for the ratification of the March agreement on the regulation of the old claims. The overwhelming majority, 236 against 96 members of



the Bundestag, declared itself in favour of removing the misunderstandings and obstacles in the way of development of German—Yugoslav relations.

Thus these two events — the visit of Yugoslav parliamentary delegation and the Bundestag decision on ratification — became two important

manifestations of good will, of efforts and actions in Belgrade—Bonn relations. The ratification of the March agreement eliminates a series of legal and technical obstacles which — along with those basic, political moments — have so far acted negatively, especially on mutual economic relations. It is wellknown that economic and commercial relations between the Federal Republic and Yugoslavia had been substantially developed. For a long time Western Germany took an indisputed first place among Yugoslav foreign trade partners. The present decision on ratification is a complete and all-round implementation of items of the new trade agreement, concluded in July this year, which provides for a wider development and discovery of new forms of economic cooperation between the two countries. The realization of items of that agreement — as well as the realization of West German obligations issuing from the ratified agreement on Yugoslav claims — will contribute to the strengthening of the role and significance of economic relations the lasting factor of cooperation between Western Germany and Yugoslavia. Attaching such significance to these manifestations, the Yugoslav public opinion and press had already greeted them wholeheartedly.

Precisely on account of this wholeheartedness with which the Yugoslav public opinion greeted these manifestations we should not overlook certain facts which, coming from official quarters, have a special significance. According to a news item issued by the West German DPA Agency citing a statement of the Government representative, state secretary Herr Halstein, referring to the financial obligations of the federal Republic under the agreement on the regulation of old claims, and explaining the need for ratification, con-

stantly used the term „assistance“ or „German economic aid“, although everyone knows that no „assistance“ to Yugoslavia is in question here, but old Yugoslav claims and German debts and obligations. That this is not an accidental error or an editing mistake of the Agency is shown by the incomprehensible statement, which is surprising even if used as an argument in defence of a just cause — ratification — namely that „by allotting economic assistance to Yugoslavia, the West German Republic follows the example of the USA, Great Britain and France, which since 1945 have given Yugoslavia economic aid amounting to over 600 million dollars...“

In the same style, though even more remarkable in its formulation, is the statement about certain claims of the „Volksdeutsche who formerly lived on the Yugoslav territory“, regarding which — according to the state secretary Herr Halstein's formulation, „talks will additionally be conducted between the Federal Government and Belgrade, as it had not been possible to solve this question for the time being...“ Such

formulations, and even more the thoughts and preparations or attempts which they may give rise to, as well as moves of certain right-wing deputies and groups, are quite at variance with the present German-Yugoslav manifestations. However, reality and the mutual benefit from the already established relations, which acted in the direction of removing difficulties will probably play a positive role in eliminating such obstacles.

The ratification of the agreement on claims is creating favourable conditions not only for normalizing the economic relations between the Federal Republic and Yugoslavia but also for widening them, of course on the supposition that the anticipated atmosphere of mutual understanding, respect and equality should be actually created and strengthened. Such a development would hardly be without a positive effect on the consolidation and even advancement of general Bonn-Belgrade relations, which is also indicated by the grand reception and special significance attached in Bonn to the visit of the first Yugoslav parliamentary delegation.

pursue identical policies in the building of socialism. The basic thing is the struggle for socialist democracy. And precisely because we have a common goal and at the same time different attitudes on many questions, it is necessary that we shall cooperate, that we shall compare our attitudes and results in the policies of both countries, to discuss all this and to change experiences...“

The establishment of the system of regular meetings and exchange of opinions between the representatives of the Workers Party of Norway and the Socialist Alliance of the Working People of Yugoslavia, is not only the result of positive experience which both sides had from past contacts, but is at the same time an expression of the wishes of the progressive forces to speed up their development by getting acquainted with the achievements of other countries, by comparing them with their own and detecting their mistakes and weaknesses. This is the best way to grasp the general laws of development as well as the differences and special characteristics in the application and realization of these general laws in every country. Such confrontation of views and exchange of experiences, based on free, unhindered discussion, without any reservations arising from rigid ideological patterns — particularly without any claims to a monopoly of correctness, or imposition of solely valid recipes is one of the most suitable ways for a comprehensive examination and solution of the most important problems set before the progressive — especially socialist movements. Realized on these principles, as shown by past relations in actual intercourse with the socialist parties of the West and East, such cooperation is becoming a significant factor in the direction of discovering the most appropriate way of harmonizing the relations between the individual countries — which itself constitutes a significant contribution to the peaceful, active coexistence, that is, consolidation of peace.

COOPERATION BETWEEN TWO LABOUR MOVEMENTS

RESUMING their previous contacts and exchanges of views, the representatives of the Workers' Party of Norway and the Socialist Alliance of the Working People of Yugoslavia met again in Belgrade from September 17th till September 20th. According to the official statement issued after the meeting, talks were conducted on the following questions: „structural changes in capitalism, development of under-developed countries, development of the international situation as well as problems which arose in the socialist movements during the course of 1956“. This meeting — says the statement — constituted a resumption of discussions which were conducted last year in Norway between the delegates of the Workers' Party of Norway and the Socialist Alliance of the working People of Yugoslavia. The talks evolved in a friendly atmosphere, attitudes were frankly formulated and the respective views mutually respected. It was pointed out that such exchange of views on questions which are so significant

today for the socialist movements in the two countries, as well as for the contemporary labour movement as a whole, have again turned out as a useful form of cooperation between the labour movement of Norway and Yugoslavia. Both sides expressed the wish that similar exchange of views and information be continued in the future.

Commenting on official statement, Mr. Fin Mu, member of the Norwegian delegation, otherwise President of the Foreign Political Committee of Parliament, declared that „... our views on various problems have not been quite identical with the views of Yugoslav representatives, but just this convinces us of the need to continue to cooperate even more closely“. „It should be pointed out in connection with our conversations — continued this prominent representative of the Norwegian labour movement — that neither of the two sides claims that it has a monopoly of ideas for some pure type of socialism. Both countries equally realize that they cannot



AN INCOMPLETE BUT POSITIVE MEASURE

THE Hungarian Council of Ministers in September of this year, passed „The Decision on the regulation of property claims of persons from the southern frontier regions“, which receives legal validity and legalizes the payment of compensation to persons who were unlawfully exiled at the time of setting up of the so-called „Southern Frontier Zone“ bordering on Yugoslavia.

According to the text of this Decree, all persons who during the creation of this zone were compelled to leave their place of residence (that is, were interned or imprisoned) may return to their previous places of residence without any limitations. Those who return may receive aid from the district council committee up to an amount of 5,000 forints. The Decree further provides — considerably complicated and entangled conditions — for obtaining compensation in respect of property claims of these persons, who during the creation of the for-

mer southern frontier region were compelled to leave their place of residence“, as the text of the decree describes the exiled members of the Yugoslav national minority. Thus, for example, in regard to the return of these expelled minority members, they can file an application only in case „the act of taking over the house into state property had not been in keeping with the Decree No 4 of 1952 on the taking of houses and immovables into state possession“. Even if they have indisputable rights, thus formally viewed, the former exiles are not entitled to any compensation of loss, — except to a possible return of their house or the giving of „a similar value by the authorities“ or „the giving of a house in a neighbouring place of the district...“

Even more confused are the clauses regarding the return of land, especially those plots which were included in cooperative or state farms. Here very broad powers have been given to

district committees instructing them „to settle the matter justly“. In respect to land claims too, just as in the case of houses, this Decree does not allow the returnees to claim compensation for exploitation extending over a number of years, even though the exploiter of the property of former internees were a private citizen! As the most significant concession to former exiles, the Decree provides the following; „If the person was unable to use his house or land, respectively the income from them, the prescribed income tax for this period should be annulled. The purchase obligations of persons who were compelled to leave their place of abode should likewise be annulled“.

Although it abounds in gaps and gives very wide possibilities for interpretation of the different items — especially those on compensation to exiled persons, this Decree constitutes the first official document of this kind, a document which — though incomplete — endeavours to correct the numerous injustices and persecutions which were committed for years against people of Yugoslav nationality — whose only „crime“ was that they belonged to our national minority.

EVENTS AND FACTS

Stojan PETROVIĆ

THE INTERNATIONAL FINANCING CORPORATION

PARTICULAR attention was devoted to the establishment of an „International Corporation“ (IFC) at the latest session of the UN Economic and Social Council. According to the IFC Statute, this corporation was officially to come into being when undersigned by 30 countries whose contributions reach the minimum level of 75 million dollars. Thirty one countries acceded to the corporation contributing a total of 78.4 million dollars by July 20, 1956 so that this date is officially considered to mark the inauguration of this organisation. Among its members the Latin American countries are the most (12), while Europe is numerous represented by eight countries. The Asian members include India, Ceylon, Pakistan, Japan, Transjordan, African members the Egypt and Ethiopia. The USA, Canada, and Australia also joined the organisation. It is expected that another 20 countries will become members of the corporation in the foreseeable future.

The Western press assigned considerable publicity to the statements of Robert Garner the President of the

newly established financial Corporation, particularly those given during the inaugural session of its Management Board. The IFC Statute and its future activities as outlined by President Garner at this session reveal a significant difference between the scope of the World Bank and that of the IFC, although the latter in some respects represents a branch of the World Bank. While the World Bank grants loans to governments and private enterprises against government guarantees with a view to assisting the general development of the individual countries, the aim of the IFC is to assist and stimulate private capital, especially in the sector of the processing industry, and primarily in the underdeveloped countries. According to the statement of its Management Board during the first years of its activity the IFC will concentrate on the expansion and improvement of private enterprises in the „less developed countries“. As distinct from the World Bank it will not allocate loans to the enterprises of the industrially developed countries. The statement that the IFC will finance private enterprises only in countries with a „favourable political and economic climate“ is particularly interesting. The IFC Management is evi-

dently of the opinion that the Corporation will limit its activities at least for the time being, only to the countries of Latin America, Africa and eventually to the Near East, while precluding some countries of South Asia owing to the "unfavourable political and economic climate". The IFC further strives to ensure maximum participation of private capital in the financing of the individual projects, which ought to furnish at least half the funds required.

According to Reuters News Agency Mr Garner stated that "confidence and business ethics in the attitude of the authorities towards the private investors both domestic or foreign, as well as the respect of contracts, are matters which are largely decisive for the rate and volume of private investment in the insufficiently developed countries. These, as well as the certainty that the regulations will not be changed arbitrarily and that the obligations assumed will be honoured are a precondition of long term investment". Further: "in order to fulfill our tasks successfully, we must have profits which are proportionate to the risks we assume. Our resolute efforts to ensure the continuous circulation of capital is of prime significance for the work of the International Financing Corporation. The accomplishment of this task requires us to invest capital under conditions which render the market attractive, while not seeking facile conditions".

The question arises how to interpret and harmonise the statement on proportionate profits and on conditions which should not be easy but render the market attractive, etc., with the fundamental idea of assisting the economic progress of the less developed countries.

It is known that Yugoslavia welcomed the establishment of the Financing Corporation in the hope that it will represent a concrete contribution to international cooperation and the acceleration of the economic development of the under developed countries. A reservation was put forward on that occasion in connection with the Statute provision limiting the activities of the financial corporation only to the domain of private capital, and conditioning the same by "a favourable economic and political climate for international private capital". Yugoslavia always strove to establish an organisation which would be accessible to all UN member countries, and not conditioned by "favourable climate" or limited to private capital.

The efforts to broaden the scope of this corporation to cooperative organisation failed. Mr. Garner's statements and the first steps of the corporation only confirm the correctness of the reservations cited during the discussion on the establishment of this corporation, and testify to the correctness of the Yugoslav basic claim for the prompt and efficient solution of the problem of economic development of the underdeveloped countries by means of a universal organ such as SUNFED. The IFC with its limited scope of activities, its mode of work and its obvious conceptions does not alleviate the urgency and acuteness of the problem of underdeveloped countries.

OEEC RECOMMENDATIONS

The latest session of the Ministers Council of the OEEC finally coordinated the text recommending the member countries to enable Yugoslavia the transfer of 10% of the funds within her clearing accounts with the member countries of this organisation from one account to another. This recommendation which is to come in force in a few days time, doubtless marks an important step forward in the development of Yugoslav economic

relations with Western Europe. However, the significance of the recommendation is somewhat reduced, primarily owing to the fact that the transferrability of the Yugoslav funds within the clearing is limited to only 10% of earnings accumulated by exports to the individual member countries of this organisation, and second that almost a year has elapsed since Yugoslavia gave the initiative for this action. In the meantime Yugoslav commodity exchange with the countries of Eastern Europe increased substantially thus resulting in an appreciable improvement of the Yugoslav balance of payments. The June agreement between Yugoslavia and Western Germany incorporating Yugoslavia in the so called "BE-KO" system enabling the convertibility of the available Yugoslav funds within the clearing into any currency, except US dollars, represents a significant link between the Yugoslav economy and the economies of other countries while at the same time enabling the temporary shortages of certain currencies to be overcome. The 25% increase of Yugoslav exports this year as compared to 1955, will notably facilitate the accumulation of the necessary payment funds.

All this testifies to the fact that the recommendation would have been far more efficacious if it has come earlier. There is also the fear lest much time will have to pass before the recommendation is implemented on a bilateral basis.

A special OEEC work group will study the expediency of raising the percentage which Yugoslavia could transfer within the OEEC. This would stimulate the Yugoslav exporters to direct a greater flow of their goods to the west European markets, as the transfer would enable them to procure that currency they require most at the moment.

As already stated, although limited this transferrability nevertheless represents a step forward in the development of Yugoslav economic relations with the countries of Western Europe. This problem is closely linked with that of liberalising commodity exchange between Yugoslavia on the one hand and the OEEC countries on the other. However there is no recommendation on the subject, nor is such a document in preparation. Nevertheless during the past two years Yugoslavia succeeded in regulating this problem to a certain extent on a bilateral basis. However, Yugoslavia is far from enjoying all the facilities and opportunities which characterise trade between the member countries of this organisation. It should be borne in mind that the West European countries are still the most important Yugoslav foreign trade partners. Almost 50% of Yugoslav exports are still directed to the West European market.

At its July session the OEEC Ministers Council discussed the further liberalisation of commodity exchange between the member countries of this organization. In June 1956, 86.6% of trade was liberalised, so that a moderate progress may be discerned during the past few years. The following survey of liberalization in June this year is particularly interesting as it covers several countries which belong to Yugoslavia's foremost trade partners. Germany liberalized 91.5%, imports, Austria 88.7%, the Benelux countries 91.1%, France 82.3%, Greece 95.0%, Italy 99.1% Switzerland 92.5%, and Great Britain 84.8%. These figures might be misleading however, as the percent of liberalization refers to aggregate imports. Analysis per category of product shows that many countries have still retained strong protective measures, particularly as regards the imports of farm pro-

ucts, which constitute one of the Yugoslav staple exports. Thus for instance only 81.3% of farm imports to West Germany were liberalized, 79.4% to Austria, 69.0% to the Benelux, 72.9% to France, 97.5% to Italy, 66.7% to Switzerland, and 89.8% to Great Britain. This shows that liberalization is of relative value where our country is concerned, particularly in the case of Switzerland, France and the Benelux as a substantial number of Yugoslav farm exports to these countries are still subject to import licences.

It would be desirable if the countries which have still not liberalized their trade with Yugoslavia would follow the example of those OEEC countries who did so long since, some without any reservations. The liberalization of farm exports is of special significance in this context. To seek full liberalisation for industrial products while retaining restrictions for agricultural products essentially reflects the attitude of the highly industrialised countries towards those less developed economically.

YUGELEXPORT

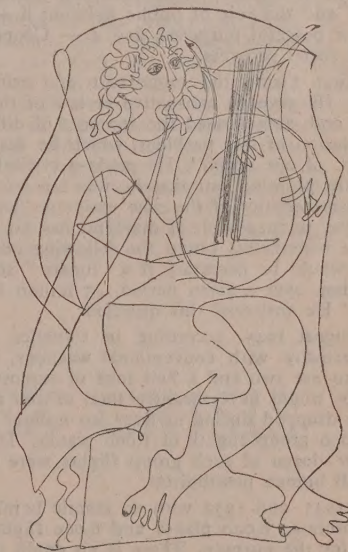
The work of „Yugelexport“ since its establishment almost three years ago is a subject of special attention. The initial lack of understanding shown by certain circles in the countries concerned, and even by the Committee for Electric Power of the Economic Commission for Europe, as well as the slowness which is characteristic for the work of „Yugelexport“, were subjected to criticism by the Yugoslav representatives. The realisation of the „Yugelexport“ project would greatly facilitate the solution of the power deficiency problems of Central European countries, particularly during the seasons when the shortage is the most acute while at the same time contributing substantially to the economic development of our country. At the suggestion of the OEEC Electric Power Committee a coordination committee was set up which convened for the first time in Geneva on September 18. Thus a modest headway has been noted in the work of „Yugelexport“ after considerable delay. The four countries interested, Yugoslavia, West Germany, Italy, and Austria have noted the need to organise the work of a certain group of enterprises from these countries for the purpose of implementing the already adopted study of Yugelexport. On the Yugoslav side the Electric Power Industry Association would take part in this body which is due to submit a concrete proposal concerning the implementation of the projects covered by the above mentioned study of „Yugelexport“ on the possibilities of electric power exports from Yugoslavia which was adopted and published in Geneva last year within the framework of the UN Economic Commission for Europe. Within this framework the group would propose the stages in the construction of these projects, suggest the necessary solutions with regard to the financing of this project, maintain contact with the coordination committee, study legal and legislative problems in connection with the individual countries concerned, etc.

At its November session the coordination committee will bring final decisions on the establishment of this body, its scope and mode of work, location of its headquarters etc.

It is to be hoped that this first step will not encounter any major obstacles, but on the contrary, that it will become the basis and organisational form for the successful fulfillment of the task in view.

COOPERATION WITH ROMANIA:

The normalisation of Yugoslav Romanian relations resulted, one may say with a considerable degree of reluctance, — in the restoration of economic cooperation. The results achieved cannot be considered satisfactory on either side, as all conditions for more intensive economic collaboration exist. The visit of President Tito to Romania was a major contribution to the development of cooperation in this field. During the visit to the Zagreb Fair and the inauguration of the permanent Romanian pavilion by the Romanian Minister of Foreign Trade, views were exchanged on the concrete forms of expanding economic cooperation, as well as the implementation of the programme outlined in principle during the visit of President Tito. It was agreed on that occasion to exchange expert groups which would study the existing possibilities. The Romanian expert delegation consisting of representatives of all the major economic branches arrived to our country about a fortnight ago while a Yugoslav expert group left for Romania a few days ago. Talks on the conclusion of a regular new trade agreement for the coming year, and eventually the conclusion of a long term agreement which would fix the quotas for those products which are of particular interest for the economies of both countries are scheduled by mid — October.



Preliminary talks between the representatives of the electric power organisations on the realisation of the Djerdap Gap (Iron Gates) projects, and cooperation in the field of electric power generation in general, began in Orszava on September 24. Talks between the representatives of the two countries on the cooperation in the field of river regulation and water conservation were initiated in Timisoara two days later. Collaboration in the sphere of investment construction and technical cooperation in general will also be discussed during the October talks.

The economic interests of the two neighbouring countries, require and also guarantee the successful conclusion of the forthcoming talks on the expansion of cooperation in the different sectors of economy.

TEN YEARS OF THE WORLD FEDERATION OF UN ASSOCIATIONS

Vladimir SIMIC

VICE — PRESIDENT OF THE FEDERAL PEOPLES ASSEMBLY

THE eleventh plenary session of the World Federation of the United Nations Associations was held in Geneva from September 2nd till September 8th, 1956. Besides its working programme, this session also had the character of a celebration of the first decade of the foundation of the Federation. This part of the programme was covered in the first three days of the session. Apart from a series of addresses of greetings made by the representatives of the Swiss Government, of UNO and its specialized agencies, the most remarkable speech was delivered by one of the Federations honorary presidents, the veteran French statesman Paul Boncour. The rest of the celebration programme had a special agenda which was carried out in the plenary session. The discussion centred on four themes but no resolutions were passed on them. These themes were: 1 — Disarmament, security and peaceful settlement of disputes in international relations; 2 — The United Nations and the role of public opinion; 3 — The use of atomic energy for peaceful purposes; and 4 — Cooperation aimed at economic and social progress.

On the first theme the rapporteur and principal speaker was Jules Moch. He gave an exhaustive review of the past course of negotiations and summarized the contents of different proposals for the solution of this problem, which he described as the "essential subject of our epoch". He made a critical examination of these proposals pointing out that he was not particularly insistent on the characteristics of the new weapons "which render a possible world war unimaginable if mankind has no wish to commit suicide". He nonetheless posed the following question: "what bomb tonnage would be necessary if a 'lunatic' set himself the task of annihilating, over a given period, 43 million Frenchmen of the Metropolis?" He answered this question.

Before August 1945, according to statistics of the Allied bombing of Germany with conventional weapons, it would have been necessary to use two and a half tons of explosives per inhabitant, and this would have meant a total of 100 million bombs of one ton each dropped during at least 10 million flights of big bombers of 10,000 group flights of 1,000 planes. During the last war only a few dozen of such group flights were made. Clearly this is beyond all human possibilities.

Between 1945 and 1952 with an atomic bomb like the one thrown on Hiroshima, 6,000 planes and 6,000 flights would have been sufficient for the purpose. There is no doubt that this figure answers the volume of the present reserves of such material. The problem, as will be seen, became almost insoluble in this period.

However, by the end of 1952, when we entered the thermo-nuclear era, 16 bombs would have been sufficient to destroy practically every manifestation of life in France. Jules Moch expressed the belief that few politicians and military leaders in the world realized, at that time, the difference between the atomic and nuclear war. One hundred millions, — 6,000, — 16 — these are the figures which indicate "the terrible progress made in seven years". Although, in view of such horrors, war "has become unimaginable", hundreds of billions of Swiss francs are being expended every year for this type of armament. Why? This is because of the distrust existing between the Governments of the world — a distrust which is nurtured by four decades of misunderstanding and hatred as well as by complexes of encirclement on the one side and expansion and aggression on the other".

The views set forth in Jules Moch's report and speech provoked an extensive discussion in which the Yugoslav delegation also took part (through its member Dejan Kostić). Its statement which embodied the Yugoslav attitudes on the disarmament problem, also stressed — in connection with the assertion made by the principal rapporteur to the effect that the reduction of armed

forces made twice already by the Soviet Union reflects its confidence that the West will not attack it — "that the Western Governments came to a similar conclusion as far as they are concerned, on the basis of the same fact, namely that they too can reckon with the peaceful intentions of the Soviet Union towards them".

Among other speakers, Mrs Eleanor Roosevelt and Lord Attlee spoke during the formal part of the plenary meeting on the theme "United Nations and the role of public opinion". In analysing public opinion, Mrs Roosevelt pointed out that public opinion begins forming in very small units and milieus. As we say, in the family circle, in conversation with neighbours, friends and in wider intercourse with people parallel with the growth of our connections and our influence these are the nests from which public opinion springs. However, in expanding this circle, certain obstacles always arise, either because the facts — which should be fully known, and they are not always easily obtainable and accessible to all — are differently interpreted or because the Governments which, in view of a justified supposition, consist of the peoples' leaders — encourage definite concepts concerning these facts. As an example, she mentioned the United Nations. It has been set up as an instrument for creating an atmosphere without recourse to war. However, in order to create such an atmosphere, it would be necessary to ensure a very lively intercourse among the nations of the world as well as deeper mutual acquaintance and understanding, but above all as much enlightenment as possible for the broad masses of people. On the other hand, great changes come slowly. And yet, considerable progress has been made in ten years, the influence of the UN is growing and the number of its members is increasing. But education must embrace an increasing number of people in all the nations. All must persistently work in this direction. To illustrate the point she told of an incident from her own experience. When she was once speaking about the United Nations and its specialized agencies, she felt sure that she had explained everything. However, a young man stood up and asked: "Where is UNESCO?" She answered briefly why UNESCO is in Paris. He said thereupon: "I don't mean that, but where is that country UNESCO?"

Lord Attlee's speech was brief. He pointed to the "enormous influence of propaganda" on the ordinary man. He compared propaganda with waves of the sea. What the effect of these waves will be depends on the composition of the shores. Some people are like quicksands, they rapidly change their opinions. Others are like rocks against which the waves break. People find it difficult to free themselves from the influences which they have experienced in their youth. When he himself was young, and under such influences one would rarely meet a man who did not believe in the superiority of Europeans. At that time, too, their natural enemy was France. Later, she became their natural friend. Our concepts were dominated by the idea of the human race, nor did anybody teach us about the brotherhood of nations. And when it is the question today to instil the concept of a broader community of peoples and of a world organization, then this takes a long time, although this must nevertheless be achieved. As an example, he mentioned the unemployment problem. In his youth the conception prevailed that unemployed were lazy people who did not like to work, but this conception has now been altered and the Governments recognize the problem involved and accept the responsibility for its solution. The main thing is education which must include the broad masses of people.

The well-known scientists Dr Bab and John Cochroft were to elaborate the theme "Use of atomic energy for peaceful purposes", but as they were prevented from attending the conference

the British scientist Mr. Danworth successfully replaced them. This meeting was conducted in the capacity of one of the vice-presidents of the World Federation, by the head of the Yugoslav delegation who set forth, in his introductory speech, the Yugoslav attitudes on the problem. The discussion was very instructive but its ends and content cannot be easily summarized in a single article.

The working part of the programme evolved in commissions made up of representatives of all delegations. The agenda of these commissions totalled 33 items and merely to enumerate them would take a lot of space. However, in view of the tenth anniversary of the Organization, the themes which predominated may be briefly described as a critical analysis of the work of the World Federation of the United Nations Associations in all aspects of its activity. The reports submitted on this activity contributed a very exhaustive documentation. Although it was to serve as a basis for discussion and exchange of views, it was not given to the delegation beforehand but was for the most part distributed at the conference itself. It may be said nonetheless that this did not hinder the work of the commissions as this documentation dealt with the work of the World Federation clearly and in chronological order. Thus a good and useful thing had been done. This organization suffered from an excessive passing of resolutions on various international problems. All these previous resolutions were set forth here according to their character and, as practically everything had been said on these problems during the past ten years, the resolutions passed at this conference are brief and for the most part refer to those passed previously.

Besides resolutions with such contents, a series of resolutions were also passed in connection with the critical analysis of the work of the World Federation during the first ten years of its existence as well as a number of recommendations for intensifying educational work and school teaching about United Nations principles, as well as about the work of specialized agencies.

The resolution on the great disaster in the Marcinelle coal mine in Belgium stands out in view of its significance. It stresses that useful work has been done for the protection of labour in mines by the International Labour Organization and suggests that the Organization should convene, as soon as possible, a conference of all the interested states so that international instruments could be adopted regarding the measures to be taken for improving safety in the mines.

Finally, in keeping with the Statutes, the conference elected a president, three vice-presidents, five members of the executive committee and a treasurer. However, the secretary general of the organization could not be elected, although much time was devoted to the question of his election. The former secretary general John Ennais, who occupied this post since the foundation of the

World Federation, had resigned for reasons of health. The impression prevailed that this matter had been complicated in connection with the budget for the next year. An unknown benefactor from the USA made a gift of 25,000 dollars to the World Federation for one year, and expressed the wish that this money be used for strengthening the Secretariat, and especially for a considerable raising of salaries of the secretary general and his assistants. According to the original organization, these assistants did not exist. As a result, a number of candidates made their appearance and views were at great variance about the election. Hence this question remained outstanding and it is not improbable that a special session will be convened for its settlement.

Finally, this conference raised the question of the attitude of the World Federation towards the United Nations Associations in Western and Eastern Germany. Till now the status of these associations was such that the association in Western Germany was an associated member and the association in Eastern Germany only an observer. Now these associations have requested to be admitted either as members with full rights in both cases, or in such a way that the association in Western Germany should enjoy full rights while that in Eastern Germany, the rights of an associate member (that is with the right of participation without the right of vote and decision as well as without entitling its representatives to be elected to the organs of the World Federation).

However, the representatives of the association from Western Germany resolutely opposed the proposition for admission of the association from Eastern Germany as an associate member, still less as a member with full rights. In the face of such a possibility they even withdrew their request for the full membership of their association. It was in a situation that discussion was held in the plenary session. The Yugoslav delegation declared at the very beginning that it was prepared to support the demands of the German associations as they had been formulated or as they should be finally formulated, with the explanation that the present state of affairs in divided Germany should not hinder the implementation of aims of the World Federation in an area which has a population of eighteen million people and where the association for the United Nations has already been organized, as the question of its unity is exclusively the affair of the German people. The discussion was cut short by the adoption of a proposal to form a committee for good services which would try to reconcile the varying attitudes of these associations. Besides the representatives of Great Britain and Sweden, the Yugoslav representative was also elected to this committee. All efforts in the direction of discovering a solution which would be acceptable for both sides, proved of no avail. The status of both German associations in relation to the World Federation of the United Nations Associations remained unchanged.

USA AND THE SUEZ CRISIS

Stojan KOVAČEVIĆ

WHEN a US official communique confronted Egypt with the fact that, for some time at least, it cannot count on assistance from that side for its Assuan Dam project, this démarche which was followed by Great Britain and the World Bank clearly indicated that US policy cannot be isolated from the intricate complex of problems connected with Egypt. In other words, whatever happens USA cannot consider the situation round Egypt as a matter which does not concern them directly. Already the events that immediately followed the nationalization of the Suez Company pointed to the prominent place of the USA in this issue not only because of their significance in the sphere of international policy, but primarily owing to their national and international interests.

The Suez controversy gave rise to considerable apprehension throughout the world both because of the serious conflict which took place on so susceptible an area between France and Great Britain on the one hand and Egypt on the other and still more because of the potential dangers inherent in this dispute. If to

this we add the resurgence of certain concepts which were justly considered inadmissible today such as belligerent statements, overt threats and so forth then the fear lest these potential dangers directly jeopardise world peace is all the more understandable. US policy inevitably played a prominent part in this context, particularly in view of the impending presidential elections, which somewhat hamper the freedom of action of the US government in the domain of foreign policy, particularly when dangerous situations are involved.

It would be particularly awkward for a party in power such as the Republican who chose "peace and prosperity" as its election slogan, if their country were involved in international imbroglios on the eve of elections.

Although they are not the principal users of the Suez Canal the USA cannot remain indifferent towards this important waterway. Thus, not counting other cargo, about 9 million tons of petroleum alone passed through the Suez to the USA. Moreover the US interests in the flow of Middle and Near Eastern petro-

leum which was shipped to Western Europe by the same route (about 50 million tons) should also be borne in mind. In the broader Suez hinterland US interests are centered in the heavy investments made by its oil companies in what is so far the world's richest oil bearing region. If to this we add strategic and other considerations within the context of US global policy then it is natural that all eyes were fixed on USA from the very beginning.

In view of the position and power of this country it was assumed that Great Britain and France although acting as the chief exponents of dissatisfaction and resistance to the Egyptian policy and actions, will actually not be in a position to make any major gambits without first ensuring US support.

Far from declining at the present stage of the Suez controversy, the US role and responsibility is actually on the increase. Having dampened the hopes of their partners and allies on two occasions, and striven to dissuade them from attitudes which met with unanimous disapproval throughout the world owing to their inherent threat, the USA came into an extremely contradictory position from which it will have to emerge soon as possible. It would be hard to say precisely, how the Suez crisis and the US position on the score is appraised in America at present. However, from the vast number of reports, comments, statements, etc., certain elements can nevertheless be discerned which might with more or less certitude be taken as an indication and explanation of the USA attitude during the individual stages of the Suez dispute. These factors would be as follows: the obvious wish to avoid armed conflict; the preservation of Western solidarity; the preservation of the vital Western interests in the Near and Middle East (including primarily their own); the upholding of Western moral and political prestige in the Afro-Asian countries; and last, to convince Egypt to adopt a more conciliatory attitude or in other words, the realisation of the basic Western claims without a radical deterioration of the present relations between the leading international factors.

As for the prevention of armed conflict, besides the reaction of public opinion (including that of Great Britain and France and most other countries) one cannot deny the role of the USA. Although it might have seemed sometimes that the use of force might have US support, developments proved the contrary. As stated in the US press, so far the US has not received any definite guarantees on the part of Great Britain that it will not resort to force. It seems however that the recent talks in London have nonetheless been held under the assumption that the use of force must be avoided. The French attitude is apparently more rigid, but it is very unlikely that this country would embark on so risky a venture alone, notwithstanding the strong current of influential opinion which advocates a showdown with Egypt as an attempt to resolve the problems with which France is confronted in Algeria. There is a considerably widespread opinion that the present US attitude towards the use of force, is due to the forthcoming presidential elections and that this policy may be entirely reversed after November. Many criticisms of the US attitude in the Suez controversy were voiced in the Western press, which even went so far as to accuse the US government that it is ready to jeopardise the mutual Western interests in order to secure the Republican victory at the elections. However, judging by the numerous symptoms in the American press) the view that provided no unforeseen circumstances occur, the US will retain the same attitude on this aspect of the problem, while assigning priority to other instruments primarily economic power at the same time, seems far more realistic. In so far as future developments confirm the correctness of these predictions the world may relax for a moment, as the immediate threat of war would recede, although in the long run recourse to such and similar instruments in order to impose certain decisions may result in equally fatal consequences for world peace and the positive development of international relations.

The British and French press as well as some official statements in connection with Suez controversy cast a revealing light on the internal relations within the western bloc. Rifts in the structure of the Western military and political system appeared some time ago following the emergence of certain problems which were relegated to the background during the cold war period. The obvious differences of view between the three leading Western partners with regard to the timing and methods to be used in the Suez crisis seem to have shaken their mutual confidence. This is substantiated by the intimations in the British press on the eve of the arrival of Mr. Dulles to London on the possibilities of a general reassessment of British policy and some similar reactions on the French side. However, judging by all appearances it is considered on the American side that their global policy still renders it imperative to uphold western solidarity for a long time to come. In this light, one could hardly expect the USA to openly dissociate itself from the basic claims advanced by Great Britain and France towards Egypt. However, the question was asked in USA, whether, to all intents and purposes, it would not be more expedient to seek such solutions which would not represent the "defeat" or "victory" of one or the other side.

The preservation of the basic Western interests in the Near and Middle East, including their own, is a special preoccupation of USA, which most probably realise the unfathomable consequences of an open conflict with the entire Arab world and its inevitable effect on the whole of Africa and Asia. The still strong bloc rivalry on which the Americans are particularly susceptible complicates the issue still further. This is also reflected in the American press. The well informed "New York Times" wrote a few days ago that a local victory over Egypt would hardly be worth while if it would only drive the Asian nations into the Russian camp. Let it be mentioned in this context, that a certain part of the French press even went so far as to affirm that there is a tacit agreement between USA and Soviet Union not to exceed certain limits on either side.

What Mr. Dulles is talking officially and informally with his French and British partners is of course unknown. Changes have even been made that his statements contradicting his acts and other statements. However there can be no doubt that the USA must have given their partners some prospect of an acceptable solution, particularly in connection with the latest developments round Suez, they are ready to extend financial assistance to their allies during the indefinite period of waiting for Egypt to change its attitude, mainly under the pressure of internal and external economic difficulties. Meanwhile it would seem that the US is oblivious of any dangers which might ensue from the deterioration of relations with the Arab and Asian world, and the serious dislocations in the economies of the two West European allies, as well as the preservation of vital Western interests in the Near and Middle East. A conciliatory and constructive attitude on the other side is also of greatest importance. The Egyptian readiness and efforts to ensure and enable free passage through the canal under the present difficult conditions, will doubtless contribute to the channelling of the whole controversy towards its sole correct solution while at the same time morally branding all actions which would eventually be preparing against Egypt.

The developments so far have laid heavy emphasis on those factors which may well convince the USA that their own national and international interests require them not only to prohibit the use of force in the solution of the Suez controversy, but also to use their influence to strengthen the peace loving efforts aiming at a mutually acceptable solution which would be based on the respect of Egyptian sovereignty and of the freedom of passage. Most people never doubted that such a solution is possible.

TOWARD AN INTERNATIONAL ATOM AGENCY

Slavko DAMJANOVIĆ

REPRESENTATIVES of over 80 member countries of the United Nations and specialised agencies convened in the UN headquarters in New York a few days ago at the largest international meeting ever held in history in order to draft the final statute of the International Atomic Agency. It may reasonably be expected that October 24, United Nations Day will be marked by the solemn signature of the document proclaiming the establishment of this new international body whose purpose will be to expand international cooperation to a new domain of paramount significance for the future of mankind.

The road towards the creation of the International Atomic Agency was neither smooth nor easy. Almost three years have elapsed since December 8, 1953 when President Eisenhower submitted the proposal before the United Nations General Assembly to organise international cooperation on the peaceful use of atomic energy. This initiative was subsequently discussed at the ninth and tenth sessions of the United Nations Assembly and during the talks held between the countries most advanced in the field of nuclear energy and the production of the necessary fissionable materials on the establishment of an international Atomic Agency.

Among the general conditions which enabled the issue to be put before the international community, one should primarily mention the disappearance of the element of "secrecy" and the impossibility of pursuing a policy of absolute monopoly in the peaceful application of nuclear energy owing to the progress achieved in nuclear science by all the more developed countries, and particularly in view of the fact that both parties in the armaments race have more or less to the same extent mastered the production and application of atomic and thermo-nuclear weapons. To this we should add the ever greater progress made in the application of nuclear power in industry (atomic power plants) and transport (atomic submarines) and the prospective exploitation of the abundant raw materials resources in entirely new, hitherto unexploited regions, where former conditions, owing to the impossibility of transporting the necessary fuels or electric power, prevented the rational exploitation of natural resources. The prospects of ever greater industrial development called forth by the different forms of nuclear power exploitation resulted in the growing pressure exerted by the economic circles in the developed countries on their governments for the purpose of abolishing the already futile military and administrative restrictions in this field. Apart from this, the strong interest and increasing pressure brought to bear on the part of the insufficiently developed countries in favour of all forms of assistance for the development of the peaceful uses of atomic energy, from the training of experts, the application of radio isotopes for medical, agro-biological and other purposes, to the use of atomic energy as a major new source of power, should also be borne in mind.

Furthermore the awareness of the fatal consequences of an atomic and thermo-nuclear war and the general abatement of international tension countered the apocalyptic vision of atomic and thermo-nuclear blasts over the centres of civilization by a new concept of "Atoms for Peace" developed within the United Nations.

After the first phase in 1954 and the first half of 1955 during which the talks on the creation of an International Agency were limited to a narrow group of eight Western countries and the bilateral exchange of views between the USA and USSR by the end of 1955 and beginning of 1956 have the conditions were finally brought about for the establishment of the Agency, thus directly enabling the convocation of the New York conference and opening favourable prospect for the creation of the Agency in the immediate future.

The foundations for the progress achieved were laid during the Tenth session of the UN Assembly when the conception of the former exclusively Western group of Agency sponsors formulated in the initial versions of the Draft Statute of August 1955 were critically examined in detail. The objections and suggestions

were submitted together with the views of a number of governments on the draft statute submitted to the US Government. These views primarily reflected the attitude of the insufficiently developed countries, whose potential, is inadequate for the time being to vouchsafe the independent development of domestic resources in the field of atomic energy and its peaceful application. The keen interest of the two leading atomic powers, the USA and the Soviet Union, to set up the Agency as soon as possible, and the flexibility shown by the US representatives towards the criticism of the attitude formulated in the original draft Statute made it possible to broaden the platform on which the Agency would be created. Apart from this, the International Scientific Conference on the Peaceful Use of Atomic Energy held on the eve of the Tenth UN Session also contributed to the growth of mutual confidence and strengthened the faith in the real possibilities for cooperation on the peaceful application of nuclear energy on the broadest international scale. It was therefore possible at the Tenth Session to broaden the group of the eight initial sponsors of the agency, USA, Great Britain, France, Canada, Australia, Belgium, Portugal, Union of South Africa by including Brazil, India, the Soviet Union, and Czechoslovakia, thus ensuring a more adequate representation of various regions in the final preparations for the establishment of the Agency, and of different views concerning the principles and forms of future cooperation. The approval of the proposal to hold the Conference of UN member countries on the final text of the Statute caused the so called "take it or leave it" conception on the adoption of the international atomic agency on the part of the countries who do not belong to the so called "atomic powers" to be definitely abandoned. It remains to be seen to what extent the broadened sponsoring group will be in a position to fulfil expectations when dealing with the objections and remarks concerning the composition of the managing body of the Agency, its relationship towards the general conference of member countries, namely that between the Agency and the United Nations, the powers of the Agency with regard to the exercise of control and inspection, etc.



The second stage in the preparations for the creation of the Agency was marked by the Washington Conference of sponsors from February 27 to April 18, 1956. The efforts of the representatives of 12 states led to a successful compromise and the unanimous adoption of the new statute text.

The unanimity reached at the Washington Conference is not only formal as it is based on a series of positive changes effected in the Statute text. The list of these modifications would be considerably extensive including the composition of the Board of Governors the principal managing body of the Agency was improved according to the new statute, its functions formulated with greater precision, the provision was entered that attention be given to the needs of the under-developed regions, and the clauses governing the relationship between the Board of Governors and the General Conference of the Agency member countries have been modified. Provisions were further included on the regular and even distribution of Agency resources, and the relationship between the UN General Assembly and other UN bodies with the Agency defined more precisely. All these positive modifications and the unanimity reached by the twelve countries on the Statute made it possible to convoke a conference of UN member countries and specialised agencies with direct prospects for the actual establishment of the Agency already in the first half of 1957.

However, although amended in a series of details and acceptable as a whole, if contemplated within the context of the general desirability of founding the Agency as soon as possible, the new Statute is not wholly devoid of all shortcomings, which can be traced in the long run to the actual monopoly which still prevails in the principal spheres of the peaceful application of nuclear energy and which ensures a privileged position for a handful of powers. Although, realistically speaking, such special positions must be accepted in view of the greater responsibilities borne by the most developed countries in international cooperation, there can be doubt that insistence on such positions inevitably leads to solutions which do not coincide entirely with the principles of equality of states in international cooperation and democratic international relations.

In the Agency Statute, the privileged position of the leading "atomic powers" is primarily reflected in the relationship of the Board of Governors and the General Conference. With the exception of certain powers, especially concerning the budget, the functions of the general conference are reduced to the submitting of recommendations or proposals on the problems to be studied and the receipt of reports. The practical managing functions in the Agency are concentrated in the hands of the Board of Governors which is to a certain extent identified with the Agency. On the other hand, most Board members do not receive their mandate from the members of the Agency, embodied in the general conference. After its constitution every year, the Board forms its majority itself, determining the specially qualified countries. The members chosen at the General Conference represent only a minority in the Board. It is therefore no wonder that suggestions were made with a view to achieving a certain balance in the composition of the Board of Governors so that the number of the

"specially qualified" members would at least be equal to the number of members chosen by the General Conference, as is the case of some UN decisions. A series of provisions in the Washington Statute text point to the unequal status of those agency member countries which depend on outside help to get their atomic programmes under way and the donor countries. The articles of the Statute dealing with the powers of the Agency to exercise control and inspection gave rise to the most lively comments. From the standpoint of the prospective beneficiaries of Agency assistance the modification of these provisions seems highly desirable. The New York Conference will doubtless devote special attention in the discussion to the coordination of practical activities of the Agency with the sovereign rights of its member countries. It therefore seems that many Governments would prefer to see closer and more direct links between the Agency and General Assembly of the United Nations, whose direct terms of reference could afford a suitable compensation for all that the General Conference of the Agency is deprived of. It is likewise unfortunate that the principle of absolute universality was not implemented in the draft Statute notwithstanding the broad scope of the future agency to which 87 countries were admitted, while no provision was made for the participation of People's China in the membership of the agency or in its managing body.

Nonetheless, a survey of the progress made so far in the organisation of international cooperation on the peaceful application of atomic energy, testifies to the favourable evolution characterized by the spirit of compromise and conciliation. It is to be hoped that the same spirit will also be manifested at the Conference of the United Nations and specialised agency members, and that it will be possible to achieve a further improvement in the text of the Agency Statute, while promoting the elements of sovereign equality and democratic relations within it. There can be no doubt that the discussion at the conference will enable principled opinions and objections of many countries concerning the individual shortcomings of the Statute to be advanced. However the general conviction prevails that criticism of these negative elements should take care not to jeopardise the interests of the progress possible at present. This progress is also reflected in the fact that a good part of the road has been covered from the first tentative openings and talks to the laying of the foundations for the creation of the Agency. The broad International Conference in New York doubtless represents a major contribution to peaceful cooperation on the broadest possible basis, in accordance with the aims and principles of the United Nations Charter and the elimination of bloc division. This contribution is all the more significant at a time when the world is justly anxious lest a dispute, owing to the impulsive and peremptory attempts to impose certain solutions, be converted in to a serious threat to world peace. By its scope and the display of the will to compromise, the New York Conference points to a more correct and positive road towards the solution of problems which confront the international community. It may therefore serve as a pointer towards new methods and as a stimulus to the new spirit for the solution of other international issues.



EXPANSION OF ECONOMIC COOPERATION WITH HUNGARY

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HUNGARY was one of the leading Yugoslav economic partners in the immediate post war period. Yugoslav exports to that country having reached almost 30 million dollars in 1948. The foreign trade of both countries was reoriented however, during the six year interval caused by the complete rupture of economic relations which had an adverse effect on the two neighbouring economies which are naturally oriented towards each other. Furthermore the interruption on the one hand and the unsolved problem of Yugoslav claims, prevented all large scale economic cooperation from taking place immediately after the normalization of mutual relations. The solution of this problem in May this year according to which Hungary is due to deliver various goods valued at 85 million dollars to Yugoslavia during the next five year period as a settlement of claims removed this obstacle to the development of mutual relations.

The agreement on the settlement of Yugoslav claims was reached with considerable difficulty, the respective talks having been suspended on several occasions. It is precisely for this reason that attention should be drawn at present to the successful implementation of this agreement, under which Hungary will deliver almost 22 million dollars worth of equipment, raw and semi-finished goods and consumer goods this year at favourable prices and business terms. Both sides have shown a full measure of understanding with a view to ensuring the prompt and maximum fulfillment of this agreement.

The regular trade agreement in Belgrade this July which is valid until the end of next year reflected the wish of both countries to broaden the economic cooperation under the newly created situation and calls for an appreciable increase of the export and import assortment. The volume of trade, set at almost 30 million dollars both ways with an extremely interesting structure will be wholly realised.

Upon the initiative of the Hungarian Government the regular trade talks were followed by preliminary talks in Budapest this July for the purpose of devising new forms of economic cooperation. The final talks which took place in Belgrade were concluded a few days ago by the signature of a special Protocol on the expansion of economic cooperation, which lays down the relevant principles and procedure for the following sectors of economy:

a) In the sector of commodity exchange both parties have agreed to approach the conclusion of a long term agreement by which certain quotas will be mutually fixed for those articles which are of particular interest for the economies of both countries. The conclusion of such an agreement will doubtless make for greater stability and open broad vistas in the field of commodity exchange.

b) In the sector of investment construction the Protocol provides for cooperation in the construction of hydro electric power systems, and in the development of Yugoslav mineral resources. As a rule the protocol provides for the complete financing of projects. The credits would be repaid by deliveries of electric power, or other products of the newly erected projects.

All the necessary conditions exist for the conclusion in the near future of concrete agreements between the economic organisations of both countries particularly as regards the exploitation of water power in which Hungary is deficient while Yugoslavia abounds in it.

c) Particular attention was devoted in the course of the talks to the expansion of the Yugoslav Rijeka port capacity, as well as the development of all railway, river and highway communications between Hungary and Rijeka. It was agreed that the gradual implementation of this programme will be initiated within the shortest possible time. It may therefore be reasonably expected that Hungarian transit traffic via Yugoslavia and the port of Rijeka will be doubled.

d) Cooperation in the field of river regulation and water conservation was also discussed at the talks, in view of the already existing Agreement between two countries. A special mixed commission is due to convene in October in order to deal with the most urgent problems in this field. Hungary is particularly interested in the implementation of the extensive reclamation projects on the Danube-Tisza-Danube canal and the diverting of Hungarian waters which flow into Yugoslav territory.

e) The problem of industrial cooperation and technical collaboration was regulated by a special Agreement concluded in May this year. The wish was expressed during the talks to foster cooperation in this field, and eliminate all obstacles which to a greater or lesser extent impede collaboration between industrial enterprises of the two countries. The mixed commission set up to supervise the fulfillment of this agreement is scheduled to convene soon.

f) Both parties have stated their wish to regulate tourist relations all the more so as there had always been a heavy flow of Hungarian tourists to the Adriatic coast and other parts of the country.

Both sides devoted particular attention to the problem of payments regulation. The existing bilateral payments agreement will remain the basis of payments regulations. Both sides have urged a more flexible application of this agreement, as well as recourse to more up to date forms of payments arrangements including the multilateral. Both countries will gradually introduce other forms of commodity and payments arrangements which may stimulate the over all economic development of both countries, and a broader development of commodity exchange not only between Hungary and Yugoslavia but also in their relations with third countries. A special arrangement was reached by the commercial banks of both countries.

It would be a mistake to expect that large scale cooperation in all the fields mentioned above can be achieved overnight. A lot still remains to be done. But it would no less be a mistake to underestimate the possibilities for the realization of this agreement. The establishment of close economic links is in the interest of both countries. The realization of this agreement will contribute to the promotion of the general relations between the two neighbouring countries, while, as stressed during the talks, the expansion of mutual economic ties can in no way impair the relations of the two countries with their other trade partners.



EXCHANGE CONTROLS AND INTERNATIONAL COOPERATION

Dr. Vjekoslav MEICHSNER

FOR several years the International Law Association has endeavoured to find a plausible interpretation of the provision of Article VIII 2 (b) of the International Monetary Fund Agreement or to give it a new, clearer, and to all countries acceptable formulation. This provision states that "exchange contracts which involve the currency of any member and which are contrary to the exchange control regulations of that member.... shall be unenforceable in the territories of any member", and consequently the point in question is to what extent exchange controls of a country should be recognized by the judicial and administrative authorities of other countries. Yet, up to now no common standpoint has been reached; at the last Conference of the Association — which took place in Dubrovnik from August 26, to September 2, last — the problem was hardly discussed because even the Report of the Monetary Committee of the Association has not been adopted unanimously by its members, some of them having put forward partly or wholly dissenting opinions. In spite of that the question, being of great international importance, still remains on the agenda of the Association.

The reason for such a course of the discussion is to be found in diametrically opposite views on exchange control regulations as such and on the position to be assigned to them in international law. Whereas one group of lawyers takes the view that exchange controls are in principle abusive and that the courts of other countries in no case should recognize them, others show a much milder attitude considering such restrictive measures as a fact which — in spite of their detestability — must be taken into account when applying the rules of the conflict of laws.

Those who in principle take a negative view on exchange control regulations base their opinion primarily on the incompatibility of foreign exchange controls with the public order of countries not practicing them. Some of them do not hesitate to consider the provision of Art. VIII 2 (b) not obligatory for the courts of member countries, although Art. XX 2 (a) of the Agreement provides that "each government.... shall deposit.... an instrument setting forth that it has accepted this Agreement in accordance with its law and has taken all steps necessary to enable it to carry out all of its obligations under this Agreement".

The jurisdiction of some countries has taken the same view, the Federal Tribunal of Switzerland being perhaps the most resolved in this respect. In other countries again the courts often took the view that the proper law of the transaction must be ascertained and its provisions applied irrespective of the fact that these provisions might be measures of exchange control. That means that exchange controls regulations are not in principle considered as contrary to domestic public policy.

It is clear from the aforesaid that the problem is one of principle and its solution depends primarily upon the view one takes of exchange control regulations as such.

The mere fact that exchange controls are detestable is no sufficient reason for ignoring them altogether. There are other phenomena, even more detestable, which nonetheless are regulated by international rules. War, for instance. International agreements concerning warfare are surely not intended to recognize war as a normal way of settling international controversies; the rules agreed upon merely try to prevent that a detestable mood of settling affairs becomes even more detestable. Similarly, by agreeing on certain international rules implicating a reasonable degree of international recognition of exchange control regulations, the latter would not be recognized as ordinary means of monetary policy; these rules would only help to bring some order into this kind of economic competition by submitting it to certain "rules of the game" and preventing its further degeneration into an economic *bellum omnium contra omnes*.

This is in essence the point of view taken by the Articles of Agreement of the International Monetary Fund. Reading them, one will remark that exchange control regulations (or restrictive

measures, as they are called therein) are considered harmful to economic prosperity and are therefore in principle undesirable; however, they are not regarded as pure means for protecting the selfish interests of the country maintaining them, as their opponents often assert, but rather as an evil which under certain circumstances becomes necessary to prevent even greater disturbances that might follow if exchange controls were abruptly removed or not to be introduced in case of emergency.

The Fund Agreement has therefore "legitimized" exchange control regulations to such a degree that there exists not only the possibility of maintaining them during the so-called transitional period pursuant to Art. XIV (the period after World War II, whose duration, however, is not explicitly determined), but also of imposing them again — of course with the Fund's approval — after a country has passed from the Art. XIV status to that of Art. VIII (convertibility of foreign held balances for current payments).

These provisions of the Agreement may be justified by the following considerations.

Among the obligations assumed by member countries under the Agreement there is one which consists in "promoting exchange stability, maintaining orderly exchange arrangements with other members, and avoiding competitive exchange alterations" (Art. IV 4 (a)); on the other hand, today every state has become a welfare state at least in so far as it aims at the development of domestic resources and the maintenance of full employment at home. And this aim has been also taken over by the Fund and proclaimed as one of its purposes (Art. I (i)).



Now, these two aims, i. e. the maintenance of both internal stability and external equilibrium, cannot always be attained at the same time. A situation may develop when the monetary authorities will have to make their choice: either to maintain exchange stability or to promote full employment. The contradiction between the two goals was felt under the functioning of the international gold standard also and was considered as one of its major shortcomings; however, it did not manifest itself so much because of particular circumstances prevailing then in the world.

Under the automatism of the international gold standard priority was given to exchange stability. That was rendered possible by the fact that until the World War one both world economy and the national economies of the majority of states forming it were fairly in balance.

Today, by more or less general agreement, priority is given to domestic equilibrium. This change of mind took place in the



years between the two World Wars and was a consequence not so much of economic nationalism, but rather of the disorderly conditions prevailing then in international economic relations which under the functioning of the international gold standard would have been very harmful to the economic development of particular countries. Moreover, today the new attitude is based on the necessity of an accelerated economic development of the underdeveloped countries, which must not be discontinued by influences from abroad.

One of the reasons which justify the existence of the International Monetary Fund is the attempt to inaugurate a new era in which the reconciliation of the two aims should be reached. In other words, the goal of the new international economic relations is to do away with the contradiction which is inherent to the international gold standard and which is the principal cause that its reintroduction in the old orthodox form today is excluded.

However, it can happen that the reconciliation of the two aims cannot be reached without resorting to restrictions on international payments, i. e. without introducing exchange controls. And that is the reason why these kind of restrictions had found a milder treatment in the Fund Agreement than in the period between the two World Wars.

In spite of that the fact remains that exchange control regulations are a device of precarious efficiency and after all detrimental both to the world trade and to the particular countries, the country practicing them not excluded, at least in the long run. Therefore they ought to be applied only exceptionally and carefully, under some competent supervision, just as poisons are sometimes administered for curing purposes.

One of their negative qualities is the uncertainty about them. Under the threat of the introduction of exchange restrictions nobody knows when and to what extent he might be spoiled of his legitimate rights (the same holds true in case of their frequent changes). Therefore, it would be a great step towards orderly international relations if everybody knew with what kind of restrictive measures he will have to do in case of emergency.

There is a precedent in this regard, The Republic of Guatemala adopted a Monetary Law consisting of two parts in 1946. The first one regulates the "national monetary system" and forms its permanent part. The second one contains "emergency regulations on international transfers" which, according to the same Law, "may be applied only in periods of economic emergency, the existence of which shall be decreed in the form and conditions provided for in this same Law". These conditions are:

decisions or recommendations emanating from international conventions on monetary stabilisation — and

reduction of net monetary reserves under a specified amount, or persistent drainage on the reserves beyond a specified annual rate.

Such a procedure in imposing exchange restrictions seems to be highly recommendable. If restrictive measures under certain conditions cannot be avoided, both these conditions and the nature of the restrictions should be made known in advance by every particular state.

It would be too pretentious to make proposals for uniform emergency regulations which might be applied by all countries in case of need. The kind, the scope, and the sanctions of such regulations will necessarily depend on actual circumstances which may vary greatly from case to case. However, that does not make every discussion superfluous. We must not forget that in later phases of civilization legal science and theory often go before legislation. An in view of the fact that this problem is of eminently international importance, the most qualified forum for discussing

it is undoubtedly an institution like the International Law Association.

The last system of international payments based on international co-operation was the international gold standard which, however, with the outbreak of the World War in 1914 suffered its definite breakdown. Since, no other system has been substituted to it, although there is a general feeling in the world that new methods of international collaboration on monetary matters, i. e. a new system of international payments, must be brought into existence. At present only its broad outlines may be anticipated. Yet it is fairly sure that — unless something unforeseeable happens — the new system will be based on the Articles of the agreement of the International Monetary Fund. That will be the Bretton-Woods system of international payments. This system has not yet been shaped, and could not have been if one takes into account the disrupted economic relations among nations prevailing after the World War two. New problems have arisen, and in spite of the guiding principles laid down in the Agreement, the ways and means for carrying them out in practice have not yet been found. The Bretton-Woods system of payments still lacks its "rules of the game", which existed and were observed under the international gold standard and which were one of the principal causes of its relatively good functioning.

The new rules of the game must be based on these guiding principle of the Agreement. One of them has been promulgated as the Fund's first purpose and reads as follows: "To promote international monetary cooperation through a permanent institution which provides the machinery for consultation and collaboration on international monetary problems." There is no provision restricting this co-operation only to times of full exchange convertibility or only to members not practicing exchange controls. The less so as there are cases when exchange restrictions may be imposed on the initiative of the Fund itself (when formally declaring a currency "scarce" — Art. VII 3 b). The international collaboration on monetary matters must, to be efficient, exist both in good and bad times, and that ought to be the first principle to be invoked both when interpreting and when applying the provisions of the Fund Agreement. With regard to exchange restrictions particularly, no efficacious co-operation among the countries will exist unless at least a minimum of recognition of other countries' restrictive monetary measures is secured in the territories of all countries. That is in fact the *ratio regis* of Art. VIII 2 b) of the Fund Agreement. Of course, the recognition of exchange restrictions must be made dependent on the concurrence of the Fund to their introduction or maintenance respectively. The fact that exchange control regulations may be imposed only on the initiative of the Fund or with its approval may serve as a guaranty that the restrictions will not be abusive nor a means for protecting exclusively the selfish (very often misconceived) interests of the respective country, but rather a temporary measure, introduced not only for the benefit of that country, but also in the interest of and undisturbed functioning of international payments under emergency conditions, the existence of which will be assessed by the Fund according to all actual circumstances and taking care of the interests of all countries. The recognized need of international co-operation necessarily implies the need for a universal and wholehearted collaboration on international monetary matters.



MEETING OF ART CRITICS

A. ČELEBONVIĆ

THE International Association of Art Critics (AICA) held its eighth annual meeting in Dubrovnik during September of this year. As in previous years — in Oxford, Istanbul, Dublin, Amsterdam, Venice, Zurich and Paris, this meeting held in the old Dalmatian town, likewise constituted one of those manifestations which indirectly facilitate the exchange of cultural wealth among nations and certainly contribute to the development of that confidence which rests on mutual acquaintance. The efforts and results from the sphere of art and art criticism, which are very significant in our time and throughout the world, constitute a form of spiritual link which also calls for realistic contacts. Even when AICA does not have, in the work programmes of annual meetings and congresses, directly outlined problems from the field of international exchanges, as in Amsterdam in 1952, when the meeting examined the question of protecting original works during international transport, the fact itself that art critics are establishing personal contact and unofficially exchanging thoughts on problems which interest them, creates an excellent basis for a proper acquaintance with, one more thorough critical judgment of the world artistic events. Today, when collective visits of journalists are becoming more and more frequent in international life, there is no reason to attach less significance to a gathering of art critics, for the sole reason that the activity of its participants is exclusively centred creative fields. On the contrary events of the day and new artistic facts are complementary in the life of an educated man and it has become already a generally accepted view that only a harmonious development of political and cultural connections among nations can ensure lasting mutual understanding.

At their meeting in Dubrovnik, the critics in the first place dealt with the current and organizational tasks of their association. The old Executive Committee and the Bureau with Mr. Paul Fierens as President and Mrs S. Gille-Delafon as Secretary General remain. Besides the previous six Vice-Presidents represented by Messrs Lionello Venturi (Italy), Raymond Cogniat (France), Herbert Read (United Kingdom), James Sweeney (USA), Pierre Courthion (Switzerland) and J. Romero Brest (Argentina), three new ones were elected: Grgo Gamulin (Yugoslavia), Hans Jaffe (Holland) and Julius Starzynski (Poland). However, this assembly received a special significance and differed from the previous meetings in that a rapid increase of associations was recorded at it. The executive committee agreed to the admission of eight new national sections and one hundred proposed members. Therefore, in addition to the previous 25 sections with 310 members, there are now 33 national sections and about 410 members.¹ Among the new sections are those of the Asian and South American countries, and we particularly stress the presence of India. The meeting likewise greeted with applause the presence of M. Victor Lazarev who came as observer from the USSR and expressed the hope

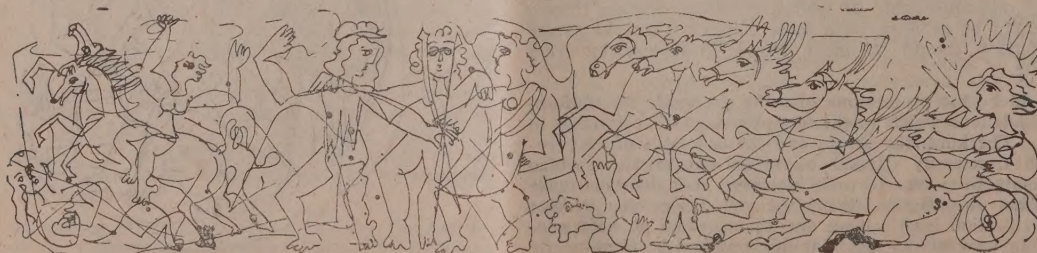
that a section of this association will be formed there in the near future. In this way AICA is really becoming a universal organization, which is quite logical in view of the fact that art itself is universal as a manifestation and means of expression. In connection with the problem of universality it is necessary to mention the participation in discussion of one of the Yugoslav members — Oto Bihalji Merin, who said it was highly desirable that colleagues from the People's Republic of China should attend the next congress.

Of the more important tasks dealt with by the meeting we mention the reports on the archives of modern art. The national sections in France, Italy, America, Holland and Poland are devoting special attention to this activity. The next to be examined were the relations with the UNESCO. Thanks to the presence of M. Michel Dard, delegated by UNESCO, and the readiness of AICA to accept certain concrete duties, such as collection of documents on the development of art in an Asian country, there are good prospects for the expansion of cooperation.

The most interesting item as regards professional problems was the setting of themes for the future Congress of AICA, to be held next year in Naples and Palermo. The original proposals of Mr. Argans Italian Section have been somewhat altered during a fruitful discussion in which Messrs Venturi, Francastel, Sweeney, Dorfles, Leymarie, Jaffe, Čelebonović and others took part. This theme „Daily life and life of forms“ was retained with the added theme „On art and mechanical civilization“ i. e. on its application in industry. As a separate theme the meeting adopted the previously raised question of terminology in art criticism.

The Yugoslav section, which on this occasion was the host of the meeting, made an effort to present domestic art to the foreign colleagues. Thus it organized, an exhibition of modern Yugoslav painting as well as an exhibition of modern primitive art in the rooms of the Dubrovnik Art Gallery. Besides this, three short lectures were held by O. Bihalji-Merin „On Yugoslav sculpture“, by R. Putar „On tendencies in contemporary Yugoslav painting“ and by D. Bašičević „On primitive art in Yugoslavia“. After the meeting a motor coach tour was organized, for those participants who wished it, from Dubrovnik to Belgrade, by way of Titograd, Peć, Prizren, Priština and Novi Pazar with the object of visiting several significant medieval monasteries, decorated with frescoes of the same period.

¹ This rapid increase was doubtless caused also by the foundation of the Guggenheim prize which is allotted only in those countries where AICA sections exist in addition to the International Committee for Museums (ICOM) and the International Organization of Painters (AIAP).



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